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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
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LG CAPITAL FUNDING, LLC

Plaintiff, 16 Civ. 2752 (KAM)

-against- SUPPLEMENTAL REPLY DECLARATION OF MARK GEOGHEGAN

5BARZ INTERNATIONAL, INC.

Defendant.

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Mark Geoghegan declares under the penalties of perjury pursuant to 28 U.S.C. § 1746:

1. As previously stated (see my Declarations of 27 June 2016, [ECF 13] and 29 September 2016 [ECF 32]), I am the Director of Finance of defendant 5BARz International, Inc. ("Defendant" or "5BARz").

2. I submit this Supplemental Reply Declaration to respond, specifically and with focus, to the submission of Plaintiff LG Capital also dated 29 September 2016 [ECF 30] pursuant to the Court's Supplemental Briefing Schedule.

3. Please recall that LG originally filed its complaint and application for emergent relief more than four (4) months ago (31 May 2016) for a lawsuit on

a convertible note. Despite LG's claims that 5BARz is, or will soon be, insolvent, 5BARz remains a viable and vibrant entity and expects that it will resolve the debt as it has done with so many investors.

4. On 10 October 2016 [ECF 34], 5BARz filed its Answer and Affirmative Defenses. I refer to and incorporate its response herein with regard to substantive issues such as the alleged Notices of Conversion from Plaintiff LG Capital ("Plaintiff" or "LF).

5. Without again reiterating what is contained in my prior declarations, (1) the status of the litigation, and (2) the financial status of 5BARz, today are, as follows:

6. As stated, we have effectuated settlements with virtually all lenders. To update from the statements contained in my ECF 30 Declaration (paragraph 15), since that was executed on 29 September, I am in the final stages of effectuating a settlement with another investor, Adar Bays, which happens to be represented by the same counsel as LG.

7. On Friday 30 September, I extended a settlement proposal to Adar Bays' principal in advance of a settlement conference in the Southern District of New York scheduled for Thursday 6 October 2016 before United States Magistrate Judge Pitman.

8. Unfortunately, due to the hurricane (my office and residence is in Southeastern Florida), that conference will have to be rescheduled but at this time, the principals are working directly towards resolution which I believe will obviate the need for the Court's assistance in the Adar Bays litigation.

9. Similarly, in the LG case, I understand that at the Rule 16 Settlement Conference before Magistrate Judge Orenstein, on 29 September 2016, the Court also made overtures to conduct a settlement conference.

10. That too was scheduled for last week (Wednesday 5 October 2016) and again, due to the hurricane, had to be rescheduled. It is now rescheduled for 27 October 2016. Based upon feedback from my counsel I am cautiously optimistic that a resolution with LG will be effectuated in this matter either at, or possibly before the now rescheduled settlement conference with the Court. In any event, at this time, I am planning to attend, in person, barring any unforeseen circumstances, such as last week's hurricane.

11. During the period January 1, 2016 to June 30, 2016 the Company has paid $1,113,793 in cash and shares, in settlement of notes comparable to the note issued to LG Capital. In addition from June 30, 2016 to date, I am attaching as **Exhibit A** a list of additional payments made by the Company on other convertible promissory notes, all of which have been successfully settled by negotiation with the note holders.

12. With regard to the current financial status of 5BARz, attached to my earlier Declaration, I provided a going concern memorandum and also information regarding the 5BARz stock price and press release.

13. I am attaching as **Exhibit B** a list of management's mitigating factors to be considered which is updated from similar factors contained in prior 5BARz filings with the SEC but which were deliberately omitted by LG. These factors are the reason that our auditors (Marcum LLC) approve our financial

statements prepared on a "Going Concern Basis."

14. During 2015 the Company entered into three other agreements in approximately the same amount and same terms as the LG Capital agreement which have been settled as follows;

Date	Principal Amount	Settlement amount
June 17, 2015	$52,500	$83,333
July 17, 2015	$62,750	$69,626
August 27, 2015	$59,000	$68,268

LG Capital principal amount is $52,500 and they are demanding 4 to 5 times that amount in settlement, which is not reasonable or supported by the terms of the agreement.

15. With regard to LG's stated concerns about 5BARz's ability to pay, as set forth in its 29 September submission [ECF 30], let me respond as follows:

16. Prior counsel moved to withdraw and the application was granted. 5BARz has new counsel which represents it both in the LG matter in this Court as well as the Adar Bays matter in the Southern District of New York.

17. Thus, any concern that the change in counsel demonstrates an inability to pay has been addressed.

18. I have been advised by counsel, Sheryl Mintz Goski, that at the Rule 16 conference before Judge Orenstein on 29 September 2016, the Court inquired as to whether the change in counsel might augur a change in approach and enhanced probability of resolution.

19. Ms. Goski is a known mediator and in fact mediated in the District of New Jersey a matter also involving LG's counsel's firm which is unrelated to the parties before this Court.

20. As a result of the Court's inquiry at the Rule 16 conference, the parties, through counsel, agreed to and did schedule last week's settlement conference which, as stated, is now scheduled for the 27th of October, due to last week's hurricane.

21. 5BARz remains cautiously optimistic, due to feedback received, that these settlement discussions will lead to a resolution.

22. As to 5BARz's current financial condition, again I refer to my prior Declaration [ECF 32] and attachments.

23. In its supplemental submission [ECF 30], LG has referred to dated filings and information.

24. Respectfully, that is not correct and as demonstrated in the end of July memorandum [ECF 32, Exhibit A], 5BARz is not insolvent and is able to pay its debts when due.

25. For these reasons, as well as all arguments contained in its prior submissions from prior and current counsel, as well as due to the impending settlement conference and anticipated negotiation, 5BARz respectfully submits that the exigent relief sought by LG in its motion filed 31 May 2016 should be denied.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct Executed in Miami, Florida on __ October 2016

Mark Geoghegan

EXHIBIT A

During the period subsequent to June 30, 2016 the Company has made the following payments on convertible notes payable, each of which have been done by negotiation and without court intervention;

On July12, 2016 the Company entered into a settlement agreement for the payment of $153,000 in cash or shares pursuant to a note agreement issued on May 21, 2015 in the principle amount of $110,000.
On July 18, 2016 and August 10, 2016 the Company paid $70,000 by the issuance of 782,050 shares at a average price of $0.09 per share. The settlement agreement requires payments of an additional $83,000.

On July 14, 2016 and August 10, 2016 the Company paid $57,159 by way of the issuance of 715,388 shares at an average price of $0.08 per share in settlement of principal and interest on a note issued on October 30, 2016 in the principal amount of $59,000. The settlement agreement requires payments of an additional $22,108.

On July 18, 2016 the Company issued 1,000,000 shares at $0.05 for aggregate proceeds of $50,000 in settlement of a convertible note issued June 15, 2015 in the principle amount of $125,000. This payment represents the completion of $175,000 of settlement amounts paid under the note.

On July 18, 2016 and August 5, 2016 the Company paid $54,710 by way of the issuance of 1,094,200 shares at a price of $0.05 per share in settlement of principal and interest on a note issued on October 30, 2016 in the principal amount of $105,000. The settlement agreement requires payments of an additional $109,419.

On July 18, 2016 and August 10, 2016 the Company paid $42,016 by way of the issuance of 623,315 shares at an average price of $0.067 in settlement of principal and interest on a note issued on August 26, 2015 in the principle amount of $110,000. Prior to those payments the Company had paid $21,008 in cash. The settlement agreement requires payments of an additional $105,041.

On August 11, 2016, the Company entered into a settlement agreement to settle a dispute related to additional compensation claimed under the terms of a convertible note issued on June 18, 2015 in the principle amount of $105,000. The principle and interest were repaid by the Company 60 days from the date of issue. The holder claimed additional compensation of $100,000 plus the exercise of 3,000,000 warrants. The claims were settled by the issue of 750,000 shares at a price of $0.078, for aggregate proceeds of $58,500.

On August 11, 2016 the Company entered into a settlement agreement pursuant to a note payable dated October 28, 2015 in the principle amount of $100,000. The settlement agreement provides for payments in cash or shares of $153,912 payable over a period of six months. The Company has paid cash of $51,304 and issued 388,667 shares at a price of $0.066, for aggregate proceeds paid of $76,956. A balance of $76,956 remains payable under the terms of the settlement agreement.

On August 31, 2016, the Company entered into a settlement agreement to settle the full amount due under a note agreement in the principle amount of $110,000 issued on July 30, 2015. The settlement agreement provides for the payment of $188,500 in cash or shares issued at market over a period of six months.

On September 6, 2016, the Company settled a convertible note in the principle and interest amount of $37,567 by the issuance of 751,333 shares at a price of $0.05 per share.

On September 27, 2016, the Company settled a convertible note in the principle and interest amount of $17,390 by the issuance of 347,808 shares at a price of $0.05 per share

EXHIBIT B

Management's assessment of the significant mitigating factors includes several quantitative and qualitative conditions which support the Company's ability to continue as a going concern as follows;

- *Continued ability to generate proceeds from private placements* – since inception of the business in 2008, the Company has financed operations through private placements and debt, with increased volumes in the recent years. The Company's gross proceeds from private placements and debt for the six months ended June 30, 2016 was $2,437,000 compared to $2,226,720 in 2015. The Company paid for services and settled debt by the issue of shares in the amount of $1,286,929 during the six months ended June 30, 2016 compared to $1,224,580 in 2015. The Company's subsidiary 5BARz India Private Limited is working closely with Axis Capital in India, an investment bank that placed approximately $10.5 Billion USD in investment in the region since January 2015. Axis Capital in India is focused upon the financing of the Company through the sale of up to 20% of the equity securities of the subsidiary operations in India. This investment banking relationship has developed substantially as a result of the acceleration of opportunities for the Company in India.

- *Product Commercialization* – The Company became an approved vendor and received several purchase orders for Cellular Network Extenders from two Tier 1 cellular network operators in India. The magnitude of these orders are expanding rapidly in the current year. In addition the Company's business with one of the Tier 1, cellular network operators has expanded to include a strategic alliance agreement with their broadband operator to deploy up to 5 million 5BARz wi-fi routers as a part of an expansion of broadband to the home program in the region. These opportunities and expansion of products by the Company represent significant steps forward in the Company's commercialization process and ability to generate cash flows from operations. Management expects the earnings from this new product and strategic alliance will represent a significant contribution to working capital and profitability for the Company.